

Support SB 807 "The Water Bill"

The water conservation and infrastructure investment provisions in SB 807 would further the state's goals to improve and protect natural resources and the environment, enhance streamflows, and reduce energy demands. Conservation will reduce demands on the state's water resources, support the implementation of Connecticut's recently adopted streamflow regulations, and is consistent with provisions in the Comprehensive Energy Strategy. The ratemaking tools will allow water companies to recover certain costs between rate case and avoid the considerable time and expense of a full rate case.

The bill has broad support from the environmental community, with supporting testimony submitted by DEEP, Rivers Alliance of Connecticut, Sierra Club, Connecticut Fund for the Environment, and the Nature Conservancy. It is a priority for League of Conservation Voters.

Section 1 — Water companies would be expected to propose rates for PURA's approval designed to promote comprehensive water conservation. Specific measures are identified that should be considered in establishing such rates to promote conservation.

Section 2 – A docket would be initiated to identify water and energy conservation programs that would be eligible for recovery by a water company in rates. Through this docket, the Authority would provide direction to utilities regarding what conservation programs would be authorized in rates.

Section 3 - The proposal provides for a mechanism to reconcile actual demands with the demands projected in the last general rate case and adjust rates as necessary to recover the PURA approved revenues authorized in the last general rate case. This does NOT result in any additional revenues for the company beyond what was already approved by PURA. Substitute language has been developed in conjunction with the Office of Consumer Counsel (OCC) that addresses concerns that they had raised at the public hearing.

Sections 7 and 8 of the bill expand the eligibility for Water Infrastructure and Conservation Adjustment (WICA) charges as authorized under Section 16-262v of the CGS. WICA is an existing ratemaking tool that allows for interim rate adjustments, as approved by PURA, for eligible projects that improve system reliability, water quality and reduce water losses through main breaks and leaks for regulated water companies. These projects are otherwise eligible for recovery in rates, but the WICA mechanism provides a more streamline, timely approval process between rate cases.

To encourage the additional conservation related investments, SB 807 would expand the cap for WICA to 10% between rate cases and expand the definition of WICA eligible projects to include additional items that will advance the state's energy and environmental policies.

Please support SB 807 as it will help advance important conservation goals and streamline PURA regulatory approval processes to avoid the expense of rate cases, which are ultimately born by customers.

MUNICIPAL ANNUAL REPORTS (Section 5)

Section 5 of the bill is intended to eliminate the requirement that municipal water departments prepare and submit an annual report to PURA detailing certain financial information. CWWA supports the elimination of this 70 plus page report which imposes an unnecessary burden on municipal water departments and does not serve any particular purpose. Moreover, the format and financial information required to be submitted is not consistent with the format generally used by municipalities, thereby necessitating additional staff time to prepare.

WATER SYSTEM ACQUISITIONS (Section 8)

Section 8 of the bill is aimed at addressing concerns with the current process for water system acquisitions. Many of these acquisitions involve very small community public water systems that do not have the financial or managerial capacity to upgrade treatment and distribution systems or comply with stringent water quality and other requirements. Under current law, PURA and DPH may order the acquisition of a water company under certain circumstances. PURA and DPH also support efforts to facilitate the acquisition of these systems because they recognize that customers will be better served. However, under traditional ratemaking, the acquiring company may recover its costs based only on the acquired company's depreciated rate base or book value but the value of a water system is often greater than its depreciated book value. This discourages companies from acquiring such systems unless an above-book purchase price can be negotiated. To address this, CWWA supports Section 8 of the bill which modifies Conn. Gen. Stat. 16-262s to permit recovery of reasonable acquisition premiums on the purchase of viable systems and a premium rate of return to encourage the acquisition of troubled systems. This will help facilitate acquisitions and help ensure that customers will be served by companies in a position to provide safe, reliable supplies of water to meet their needs.

MULTIFAMILY DWELLINGS – DELINQUENCIES (Sections 9-11)

Increasingly, water utilities are facing difficulties collecting overdue accounts from residential multifamily property owners. This increases costs for customers who do pay their bills on time. Under current law, water companies have very little recourse to recover unpaid bills from landlords because service cannot be terminated to master metered multifamily dwellings (Section 16-262e(a)(2)). Instead, water companies must petition the courts to have a receiver appointed to collect rents and pay the water bills, a process that is ineffective. CWWA therefore supports efforts to address this issue by providing the receiver with broader authority to enforce the landlord's obligation to pay the water bills. Specifically, Section 9-11 of the bill would authorize the receiver to collect rents, petition the court to attach wages and bank accounts as well as seek other statutory post-judgment remedies.